CEZ GROUP Q1 2007

PRELIMINARY NONAUDITED CONSOLIDATED RESULTS (IFRS)

Prague, May 17, 2007

AGENDA

- **Main results and events in CEZ Group in Q1 2007**
  Tomáš Pleskač, Member of the Board and Chief Distribution Officer

- **Financial results**
  Petr Vobořil, Chief Financial Officer

- **CEZ Group trading position**
  Alan Svoboda, Executive Director Sales and Trading

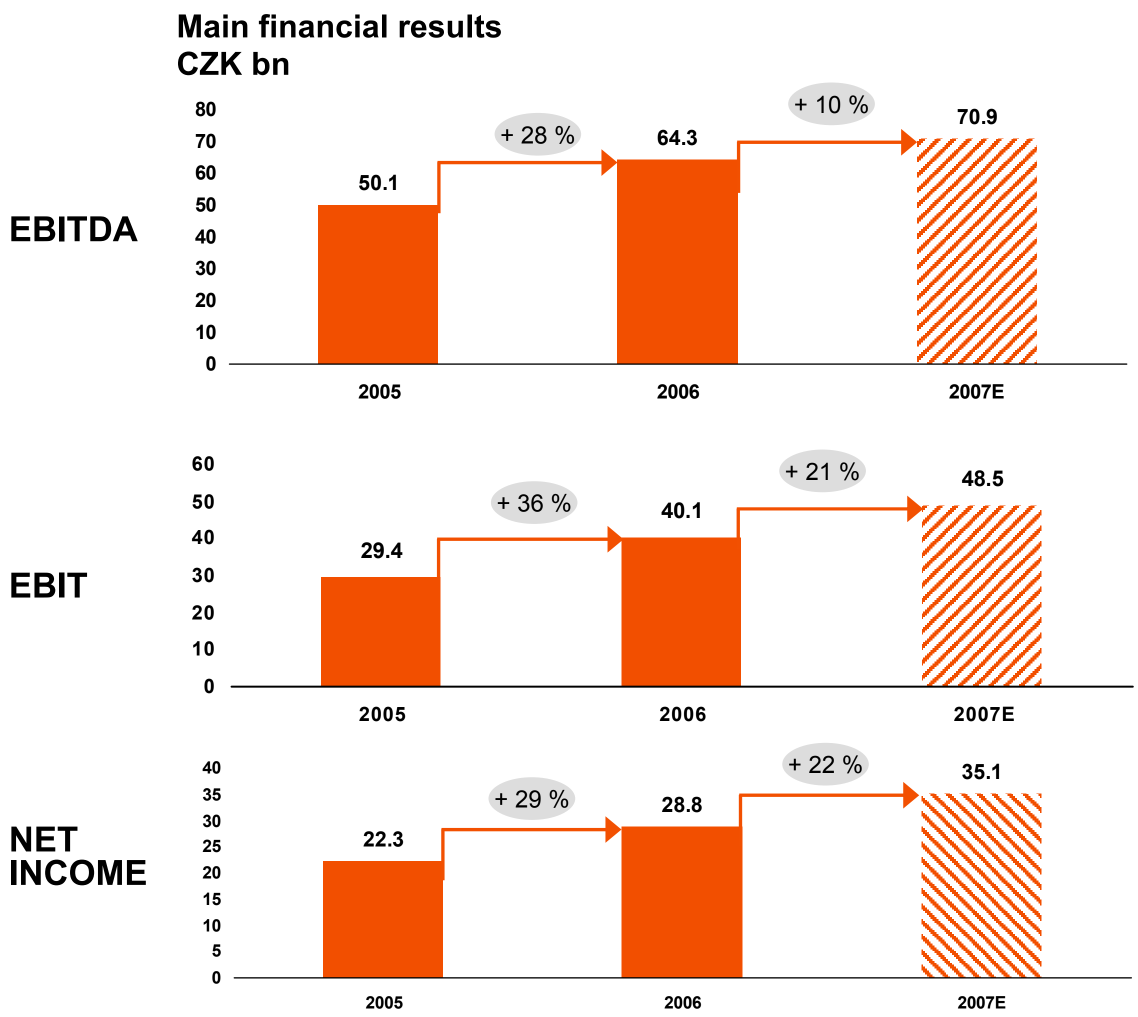
- **Vision 2008 completion**
  Tomáš Pleskač, Member of the Board and Chief Distribution Officer

MAIN RESULTS FOR Q1 2007 AND 2007 GUIDANCE

- **EBITDA** increased y-o-y by 6.6 % to CZK 21.7 bn, increase by CZK 1.3 bn
- **EBIT** y-o-y increased by 10.1 % to CZK 16.3 bn, which represents a y-o-y increase by CZK 1.5 bn
- **Net Income** y-o-y increased by 25.1 % to CZK 13.0 bn (increase by CZK 2.6 bn)
- **ROE*** y-o-y increased from 13.3 % to **15.4** %.
- **CEZ share price at BCPP and GPW stood at CZK 1044 on May 15, 2007**
- **2007 guidance** : **EBITDA** of CZK 70.9 bn (increase by 10 % compared to 2006) and Net Income of CZK 35.1 bn (increase by 22 %)

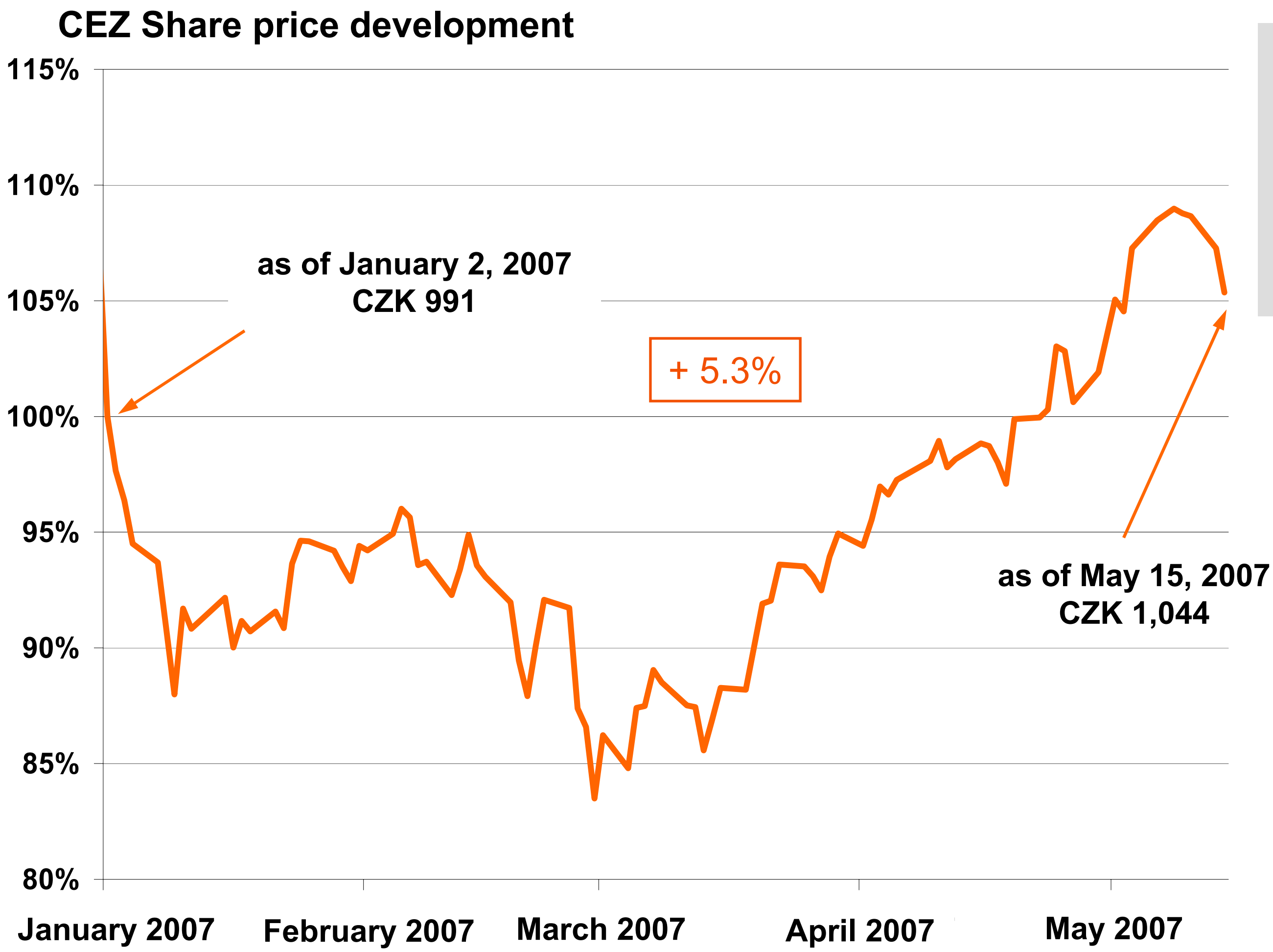
* Data for calculation based on running average for last 12 months

MAIN FINANCIAL RESULTS FOR YEAR 2007 (WITHOUT CONSIDERING SHARE BUYBACK)



In spite of electricity and heat demand decrease, as well as decrease of wholesale prices in Q1 as a result of above average warm and dry weather, the adopted measures lead to lower costs and search for other reserves. Based on these facts CEZ Group expects to maintain the guidance published in February 2007.

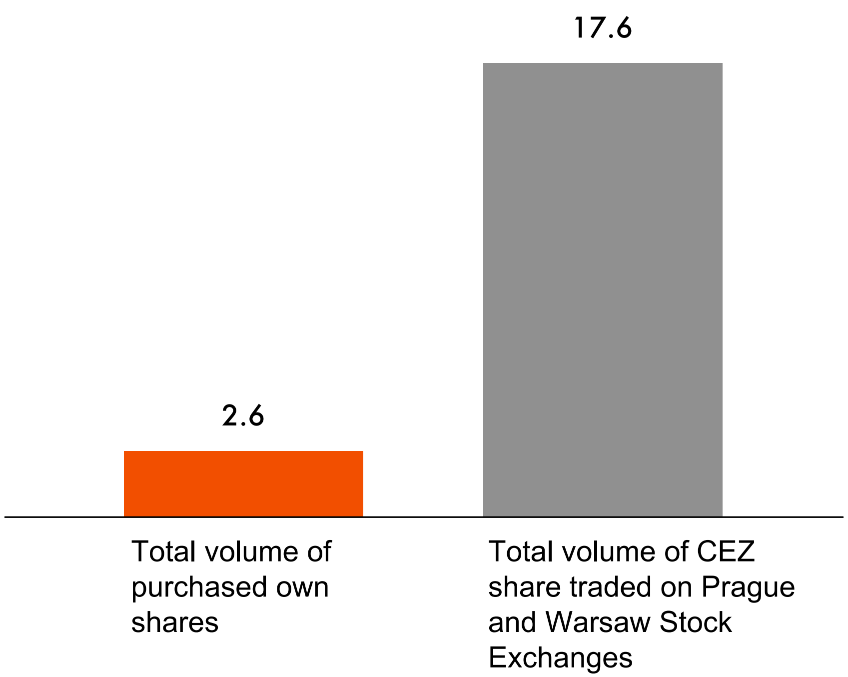
CEZ, A.S. SHARE PRICE REACHED CZK 1080 AND ON MAY 15, 2007 CLOSED AT CZK 1044



- General meeting on April 23 approved dividend of CZK 20 per share brutto.
- Market capitalization of CEZ company reached CZK 612.5 bn as of May 15, 2007.

CEZ STARTED ITS SHARE BUYBACK PROGRAM; DURING THE FIRST DAYS BOUGHT 2.6 M PIECES OF SHARES

Number of purchased shares to May 15, 2007
million pcs (cumulative)



- General meeting dated April 23 approved share buyback up to 10 % of stated capital during following 18 months.
- Share buyback will lead to adjustment of inefficient capital structure of CEZ Group.
- CEZ mandated two largest brokers on PSE to realize the share buyback; they also operate in Poland.
- Share buyback takes place both at Prague and Warsaw Stock Exchanges, potentially also at other regulated markets, where CEZ shares are traded.
- Program adheres to (beside others) European directive no. 2273/2003/EC, on the basis of which among others:
  - The maximum volume of shares which the company can buy in one day is limited to 25% of average daily volume
  - Brokers act independently of CEZ with professional care and in the best interests of the company and will inform the company about any unexpected influences and recommend further procedures.
- The company is ready to use the whole period of 18 month for the share buyback

IMPLEMENTATION AGREEMENT SIGNED ON CONSTRUCTION OF GACKO II POWER PLANT

Area Gacko – current status:
Installed capacity GACKO I: 300MW
Output (2005): 1.5 TWh
Commissioning date: 1983
Mining (2005): 2.2 mil. tons

Stated capital of NERS, d.o.o. is now KM 800,000

KM = convertible mark, local currency in Bosnia and Hercegovina linked to EUR with a fixed exchange rate: 1 KM = 0.51129 EUR

- **On 16. 5. 2007 the implementation agreement in Gacko was signed:**
  - Contribution of current power plant and mine into the joint venture till 31. 3. 2008 – increase of stated capital from ERS side, valuation to 31.12. 2007
  - Completion of stated capital increase based on implementation contract to app. EUR 400 m to 31. 3. 2008 from CEZ side
  - CEZ company share 51 %
- Joint venture company NERS, d.o.o., will invest app. EUR 1.4 bn in years 2007 – 2015
- **Investment consists of the following steps:**
  - Construction of a new unit Gacko II; installed capacity 600 – 700 MW.
  - Enlargement of lignite mine (trippling of current mining volume between 2007 and 2015).
  - Modernization of existing 300MW unit – complex refurbishment till year 2025, environmental upgrade

Investment will be financed by a combination of CEZ contribution to joint venture, debt financing and also cash generated by operation of current power plant Gacko I – detailed structure will be defined on the turn of 2007 / 2008.

GACKO PROJECT TIMETABLE (BASIC SCENARIO)

Expected timeline of the project

2006 — 2010 — 2015

- Design phase for New Facility
- New Facility construction phase
- Complex refurbishment of existing 300 MW facility
- Master Agreement Signed
- Equity increase via contribution in kind and cash contribution
- Agreement on founding the joint company NERS

Existing Gacko facility (300 MW)

OTHER ACQUISITION OPPORTUNITIES

- **Russian Federation**
  - Signed a cooperation agreement with Russian companies RAO JES and TGK-4 about assessing possibility of setting up a joint venture to construct new energy sources.
  - A feasibility study will be prepared for a possibility to build a gas power plant with installed capacity of 420 MW and two new lignite units of 200 - 250 MW – Schokin power plant (200 km south of Moscow).
  - Signed a contract confirming interest to take part in the RAO JES reform process.
- **Turkey**
  - Still interested in participation in tender for construction of a unit in Afsin/Elbistan – May 29, 2007 deadline for offers.
- **Poland**
  - Interest in buying minority shares in companies ELCHO and Skawina from the Polish government.

IN ORDER TO STABILIZE THE OPERATION OF NUCLEAR POWER PLANT TEMELIN WE INITIATED A PROGRAM "SAFELY 15 TERA" WHICH IS TARGETING TO SAFELY REACH GENERATION OF 15 TWH IN MEDIUM TERM HORIZON

- **What we are still not satisfied with**
  - Extension of outages (fuel and repeated repairs).
  - Necessary rod drop tests .
  - Number of operating events.
- **Negatives it brings**
  - Impact on production and economy of CEZ Group.
  - Large media attention and media pressure.
  - Political impact, international aspects.
  - Virtual Temelin – media picture does not correspond with real conditions of the power plant.

- **Tool**
  - Project „Safely 15 TERA“
    - Technical adjustments
    - Organizational adjustments
    - Development of safety culture
- **Principles**
  - Safely
  - In a controlled way
  - Economically
  - In a transparent manner

- **Goal**
  - Safely reach expected electricity generation of 15 TWh in a medium term horizon.

Medium term horizon (3 – 5 years)

PROJECT WILL AMONG OTHERS INCLUDE PERSONNEL CHANGES IN THE POWER PLANT MANAGEMENT AND EMPHASIS ON KNOWLEDGE TRANSFER FROM NUCLEAR POWER PLANT DUKOVANY

Technical adjustments

- New strategy of fuel cycle (spent fuel storage, development projects and licensing program, etc.)
- Technical innovations program (HP rotor, diesel generator, room 820, etc.)
- Effective coordination and outage optimization

Organizational adjustments

- Personnel changes at plant's management
- Transfer of some units to direct subordination of the NPP director
- Organizational changes in Generation division, set up of Asset Management and Central Engineering units.

Development of safety culture

- Long term program based on similar experience of Dukovany NPP.
- Consistent enforcement of proven principles of nuclear community
  - Everybody is personally responsible for nuclear safety.
  - Managers are leaders who demonstrate their attitude to safety as commitment.
  - Mutual trust permeates organization.
  - Decision-making process follows "safety first" rule.
  - Nuclear technology is respected as extraordinary and unique.
  - Questioning attitude is cultivated.
  - Continuous learning of organization is adopted.
  - Nuclear safety is subject to constant checking.

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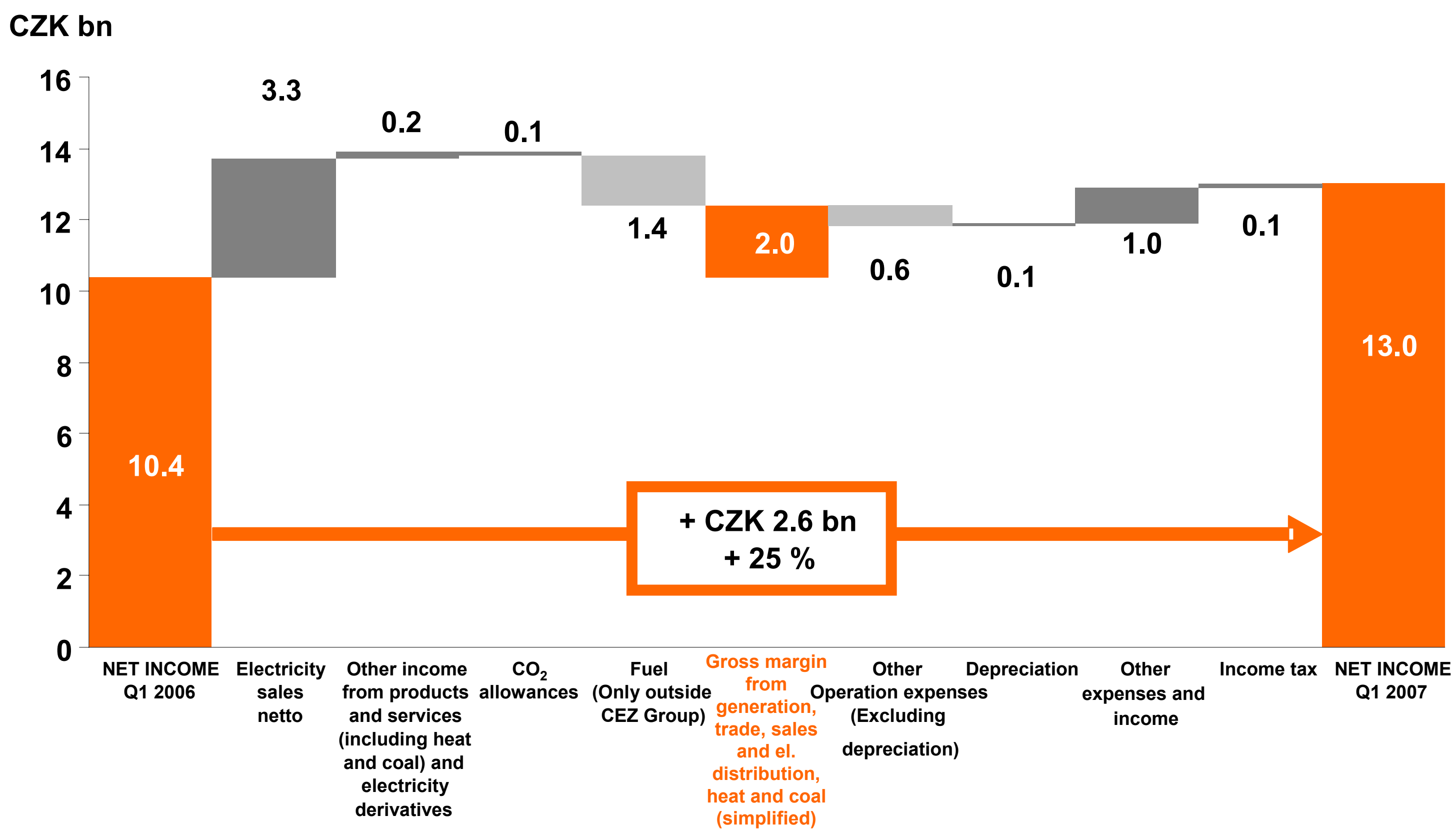
NET INCOME GREW Y-O-Y BY CZK 2.6 BN – I.E. BY 25 %



Main changes

- Higher generation from own sources
- New acquisitions (Poland, Varna)
- Operating costs control
- Portfolio optimization of companies in CEZ Group – divestment
- However negative influence in distribution and sale in CR, Romania and Bulgaria

GROSS MARGIN FROM GENERATION, TRADING, SALE AND DISTRIBUTION Y-O-Y INCREASED BY 7% TO CZK 28.7 BN

(CZK bn)	Q1 2006	Q1 2007	Change 07-06	Index 07/06	2007 comparable entity *	Index 07/06 comparable entity
Operating revenues	40,653	44,125	3,472	109%	42,412	104%
Electricity sales and services	37,684	40,967	3,284	109%	39,521	105%
Heat sales and other revenues	3,088	2,620	-467	85%	2,354	76%
Variable operating costs	-13,912	-15,435	-1,522	111%	-14,481	104%
Fuel	-2,657	-4,061	-1,404	153%	-3,089	116%
Purchased power and related services	-11,870	-11,866	4	100%	-11,838	100%
CO_2 allowances	615	493	-122	80%	445	72%
Gross margin (simplified)	**26, 741**	**28, 690**	**1, 949**	**107%**	**27, 930**	**104%**

Main changes

- Total increase of generation by 2.0 TWh (12 %) out of which 1.6 TWh new acquisitions. In coal power plants by 3.0 TWh (by 33 %), in nuclear power plants decrease by 1.0 TWh (by 15 %) and increase in wholesale prices. Drop in spot prices in Q1 2007 compensated by drop in CO_2 allowance prices. One off influence – profit from electrical derivatives (CZK 496 m) that won't influence the full year results
- On the contrary negative development in distribution (- CZK 700 m) and partially also in electricity and heat sales thanks to higher temperatures in Q1 2007
- Abroad negative impact of power purchase price regulation and decrease of sold volumes (also thanks to warm winter)

*) comparable entity doesn't include results from ELCHO (PL), Skawina (PL), Varna (BG)

CEZ GROUP MANAGES TO KEEP ITS OPERATING COSTS UNDER CONTROL

(CZK bn)	Q1 2006	Q1 2007	Change 07-06	Index 07/06	2007 comparable entity *	Index 07/06 Compar.entity
SUM of selected operating costs	**-6,337**	**-6,948**	**-612**	**110%**	**-6,479**	**102%**
Salaries and wages	-2,884	-3,536	-652	123% (114%)	-3,401	118% (109%)
Repairs and maintenance	-672	-705	-33	105%	-686	102%
Material and supplies	-938	-1 471	-533	157% 97%	-1,434	153% 86%
Others	-1,842	-1,236	606	67%	-958	52%
EBITDA	**20,404**	**21,741**	**1,337**	**107%**	**21,451**	**105%**
Depreciation and Amortization	-5,582	-5,423	159	97%	-5,165	93%

- Y-o-y increase in operating costs on a comparable entity is only 2 % (without depreciation, CO_2 allowances and fuel and power purchases).
- With maintenance costs the increase is caused by total increase of number of employees in the Group, when comparing the comparable entity the number of employees is decreasing. Headcount reduction is a good starting point for future development. Salary increases are mainly with foreign subsidiaries, where the income level is low, in CR the increase is between 6 – 7 %.In the brackets you can find adjusted values of personnel costs after including contingencies and reserves spread in time of year 2007.
- Increase in costs for material and decrease of other operating costs is mainly caused by methodical change in financial statements of SKODA PRAHA related to accounting for project costs (influence of CZK 270 m) – moved from Others to Materials

*) comparable entity doesn't include results from ELCHO (PL), Skawina (PL), Varna (BG)

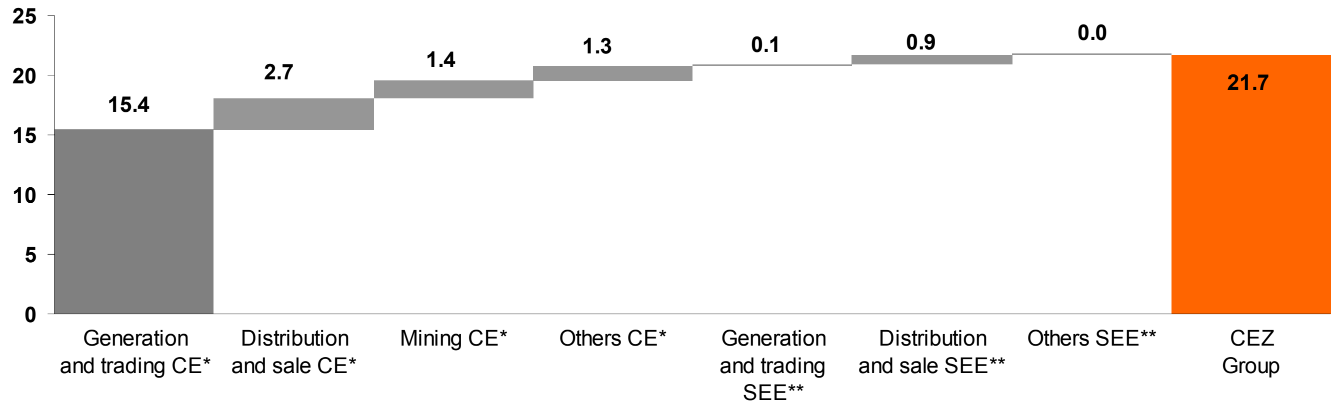
OTHER EXPENSES AND INCOME INCREASED Y-O-Y BY CZK 1.0 BN

(CZK bn)	Q1 2006	Q1 2007	Change 07-06	Index 07/06
Other expenses and income	-1,114	-89	1,025	8%
Interest on debt	-420	-596	-176	142%
Interest on nuclear and other provisions	-473	-481	-8	102%
Interest income	100	267	168	268%
FX profit/ loss and derivatives	-214	214	428	x
Sales of subsidiaries and associates	0	0	0	x
Negative goodwill write off	0	0	0	x
Income from Associates	57	19	-38	34%
Others	-164	487	651	x
Profit before taxes	**13,707**	**16,229**	**2,521**	**118%**
Income tax	-3,336	-3,252	85	97%
Net Income	**10,371**	**12,977**	**2,606**	**125%**

- Trading with derivatives had a positive influence on the result of CZK 0.6 bn
- Increase of other financial costs and income by CZK 0.7 bn is influenced by sale of companies (from CEZ Group), whose business activity doesn't directly correspond with the main CEZ Group business activities

CEZ GROUP FINANCIAL RESULTS Y-O-Y DEVELOPMENT

Contribution to EBITDA in Q1 2007
CZK bn



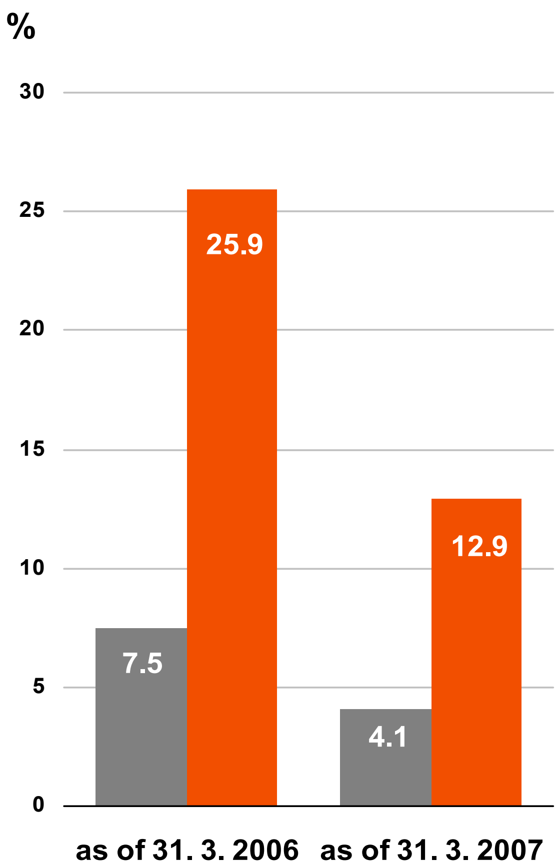
Index 2007/2006:							
120 %	**70 %**	**114 %**	**114%**	**-**	**65 %**	**133 %**	**107 %**

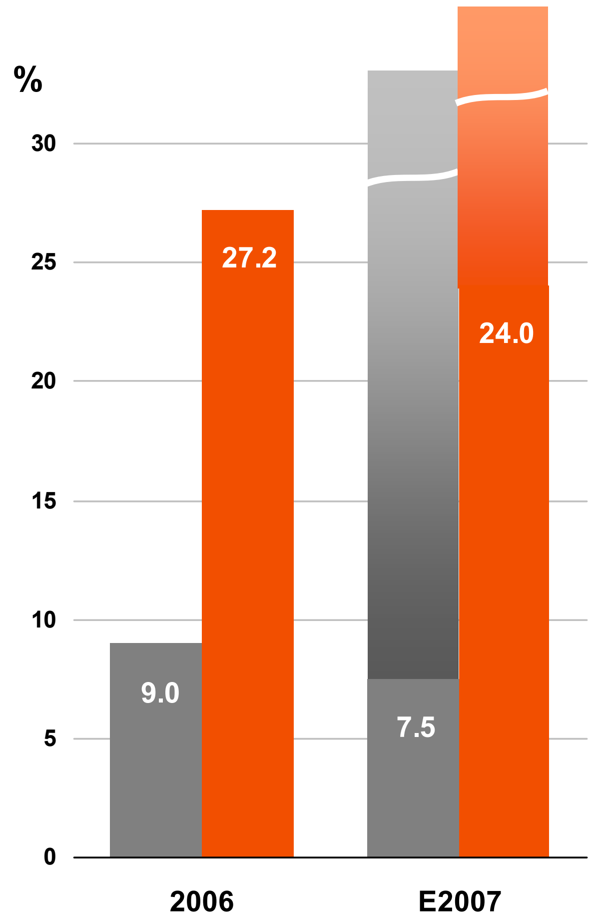
EBITDA decrease in segment Distribution and sale is caused by:

- CE*: mainly y-o-y decrease of distributed electricity to end customers by 0.7 TWh (by 8 %), which corresponds to y-o-y decrease of demand due to abnormally warm winter. After adjusting to normalized temperature the decrease would be 5%. We suppose that this distributed volume decrease will stay, but won't increase.
- SEE**: mainly lower margin in Romania due to lower sales by 7 % and higher purchasing tariffs (set by the Romanian Regulator) and decrease of sales to end customers in Bulgaria by 8% and similar to Romania, by higher purchasing tariffs. Purchasing tariffs in both countries are subject to further discussion.

* CE = segment Central Europe (CR, Poland, Netherlands, Germany)
** SEE = segment Southeastern Europe (Bulgaria, Romania, Kosovo, Serbia, Russia, Bosnia and Herzegovina, Ukraine)

INDEBTEDNESS WAS Y-O-Y DECREASING





Net financial debt / equity

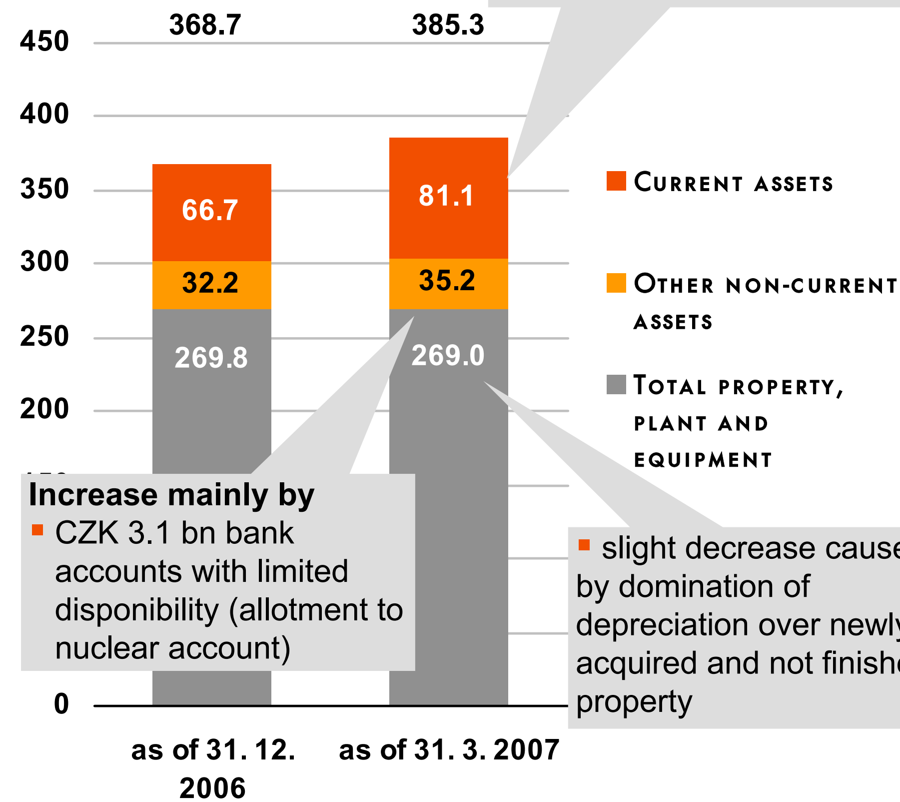
Net financial debt / EBITDA

- Y-o-y decrease of CEZ Group indebtedness is caused by an improving performance (increase of profit, cash and cash equivalents) and cumulation of funds before share buyback initiation.
- Guidance includes slight decrease of debts and expected increase of EBITDA.
- Share buyback and related decrease of equity and increase of debt are increasing the estimate for net financial debt and equity share (taking into account that the whole share buyback takes place already in 2007) app. to 45 %. Net financial debt/EBITDA would increase to 106.9 %.

BALANCE SHEET

Assets
CZK bn

Increase mainly
- CZK 7.7 bn cash and cash equivalents
- CZK 1.7 bn receivables from customers
- CZK 4.6 bn receivables from derivatives

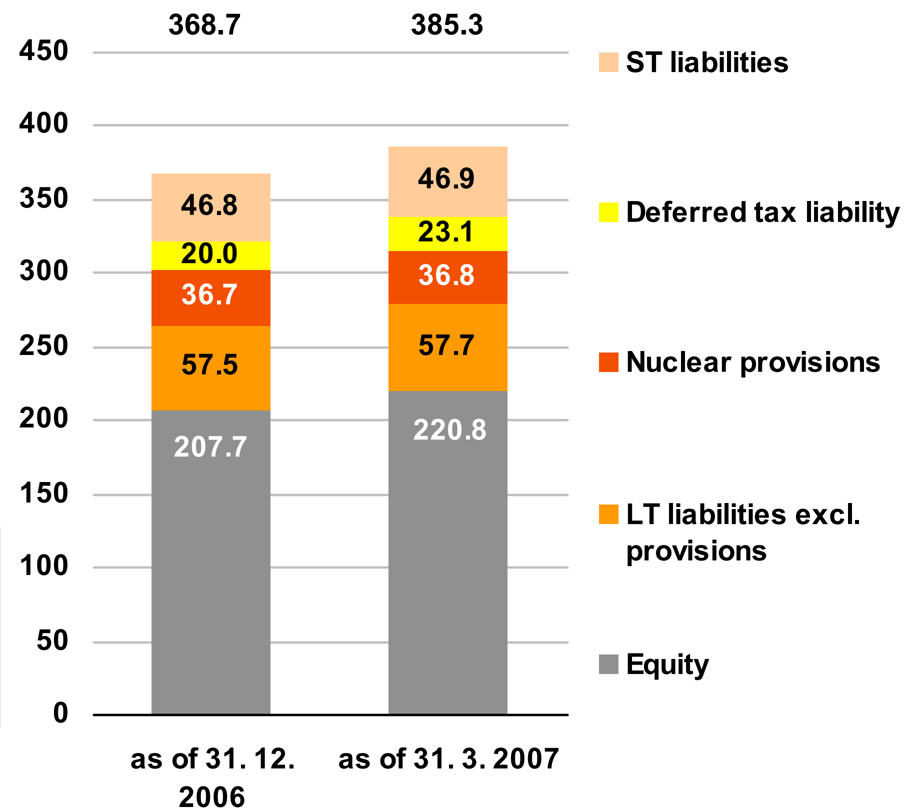


Increase mainly by
- CZK 3.1 bn bank accounts with limited disponibility (allotment to nuclear account)

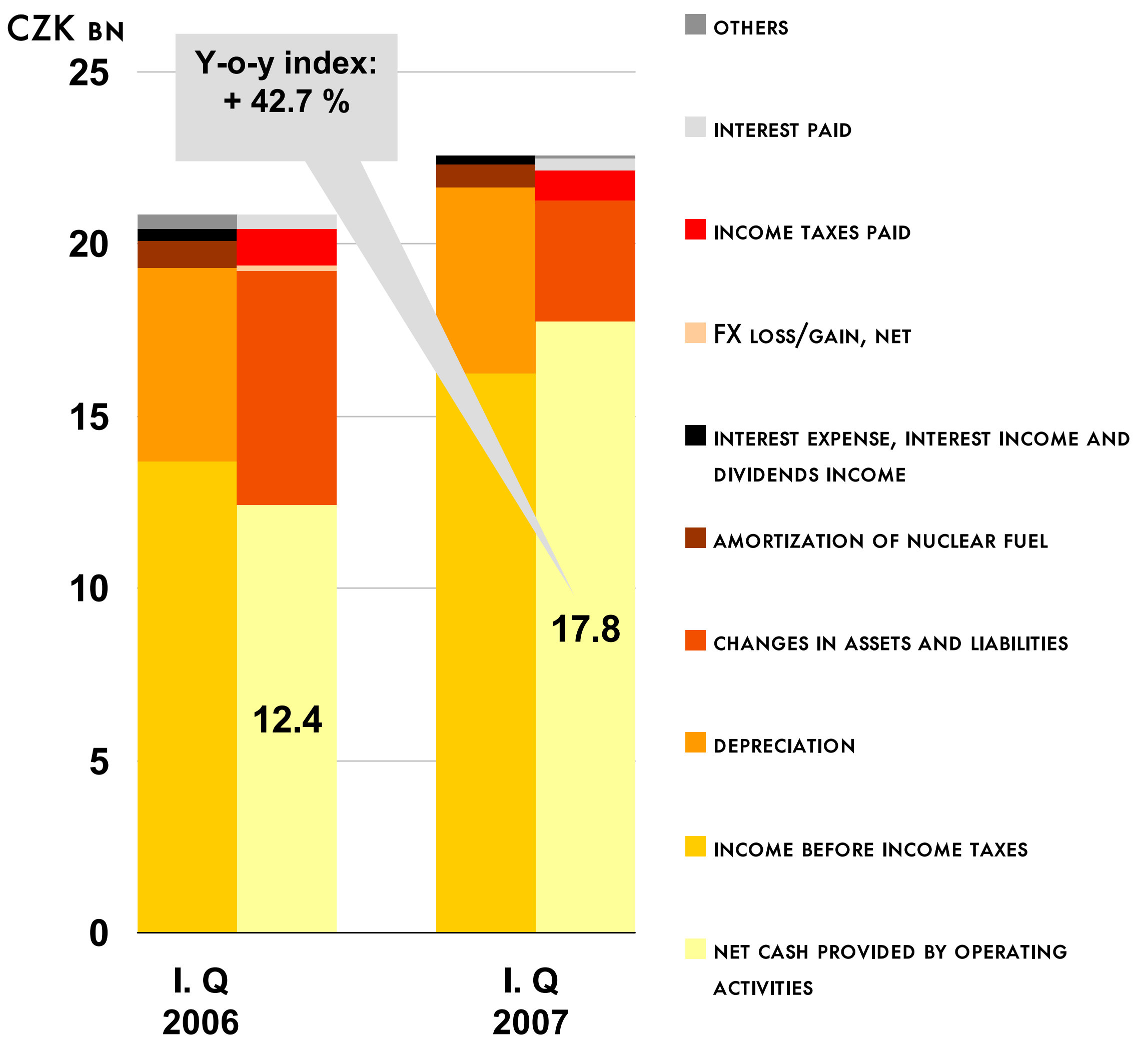
- slight decrease caused by domination of depreciation over newly acquired and not finished property

Equity and Liabilities
CZK bn

Increase mainly
- CZK 13.1 bn increase of equity (mainly from retained earnings)
- CZK 3.7 bn increase of liabilities from derivatives
- CZK 1.5 bn decrease of received advances from retail customers



OPERATING CASH FLOW



Main impacts on operating cash flow increase
CZK bn

+ 1.55 operating profit adjusted for non cash items

+ 3.25 changes in assets and liabilities

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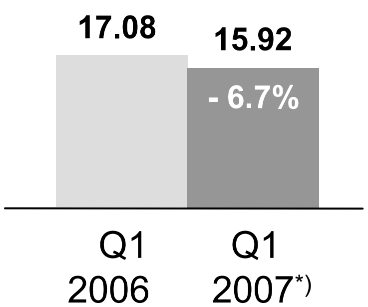
EVEN IN SPITE OF EXTREMELY WARM WEATHER IN 1Q GENERATION OF CEZ Y-O-Y INCREASED BY 2.2%

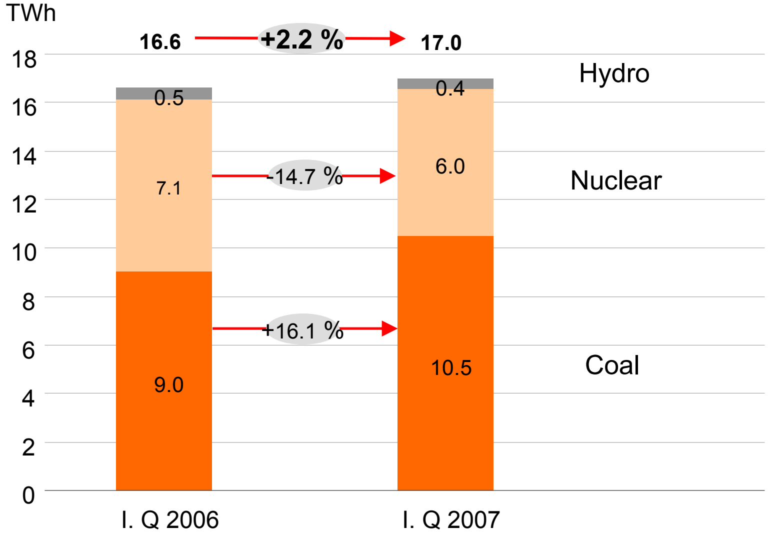
Consumption in CR

TWh



Generation from CEZ, a. s. own sources (brutto)

TWh



- Utilization of coal power plants increased by more than 16%.
- Nuclear units thanks to higher reliability partially balanced additional outage of 1st unit in Temelin (fuel replacement ahead of time)

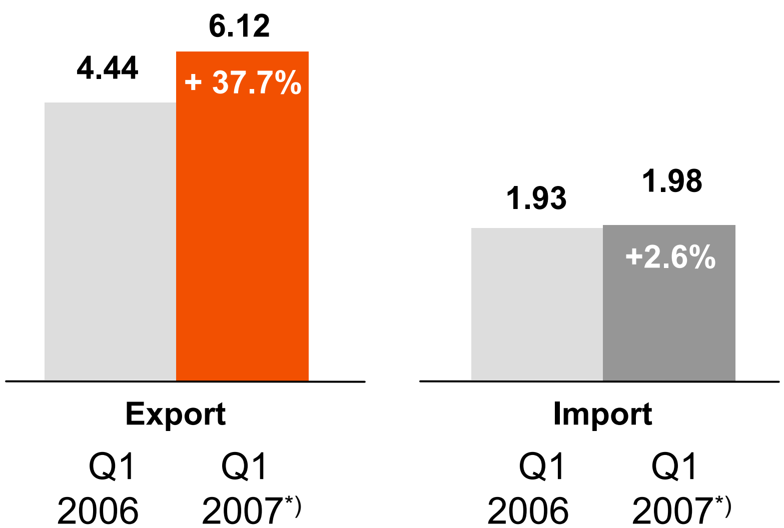
*) preliminary data

source: ČEZ, a. s., ERÚ

STRONG DEMAND FOR ELECTRICITY IS MAINLY CREATED BY SHORTAGE IN SLOVAKIA AND IN THE BALKAN REGION AFTER DECOMMISSIONING OF NUCLEAR UNITS

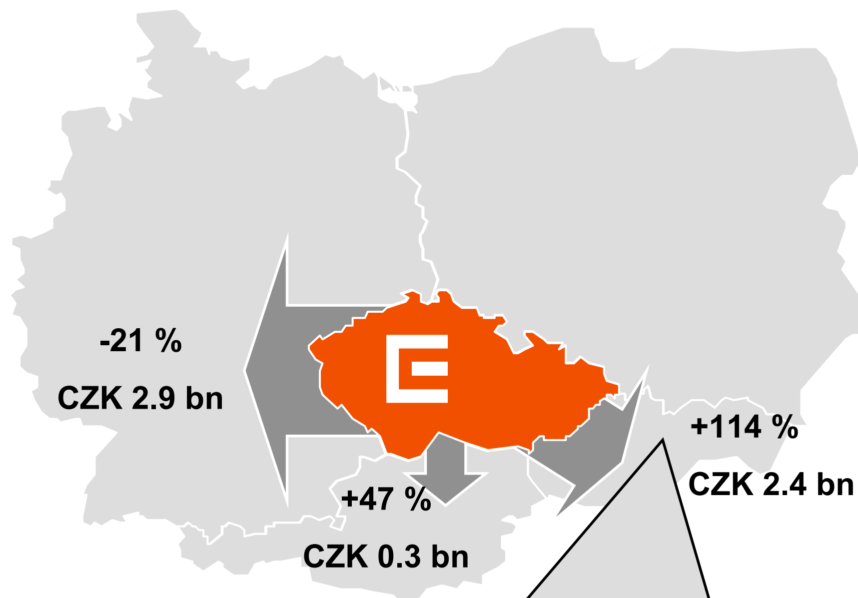
Volume of electricity export and import in CR according to ERU

TWh



*) preliminary data

Electricity export and y-o-y changes in Q1 2007



Significant growth thanks to shutdowns of nuclear power plants:

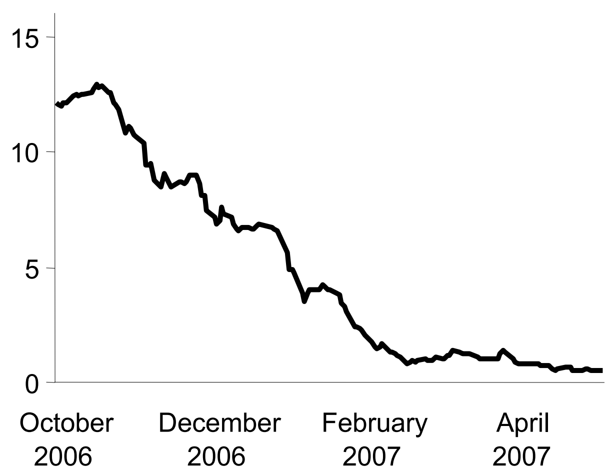
- Jaslovske Bohunice (Slovak Republic)

- Kozloduy (Bulgaria)

2007 SPOT ELECTRICITY PRICES SIGNIFICANTLY DECREASED MAINLY DUE TO COLLAPSE OF CO_2 ALLOWANCES PRICE

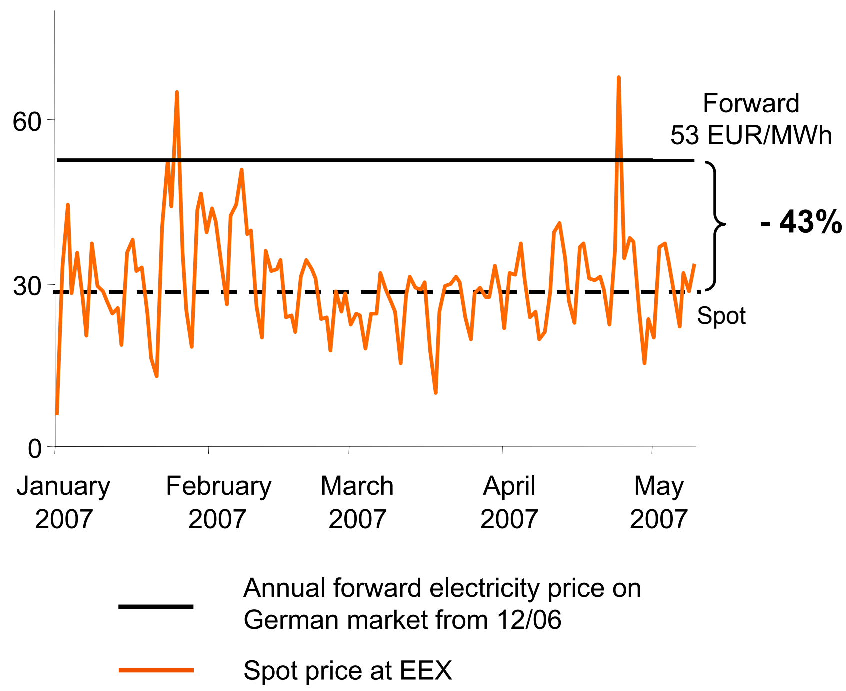
CO_2 allowances

EUR/t



Wholesale electricity price

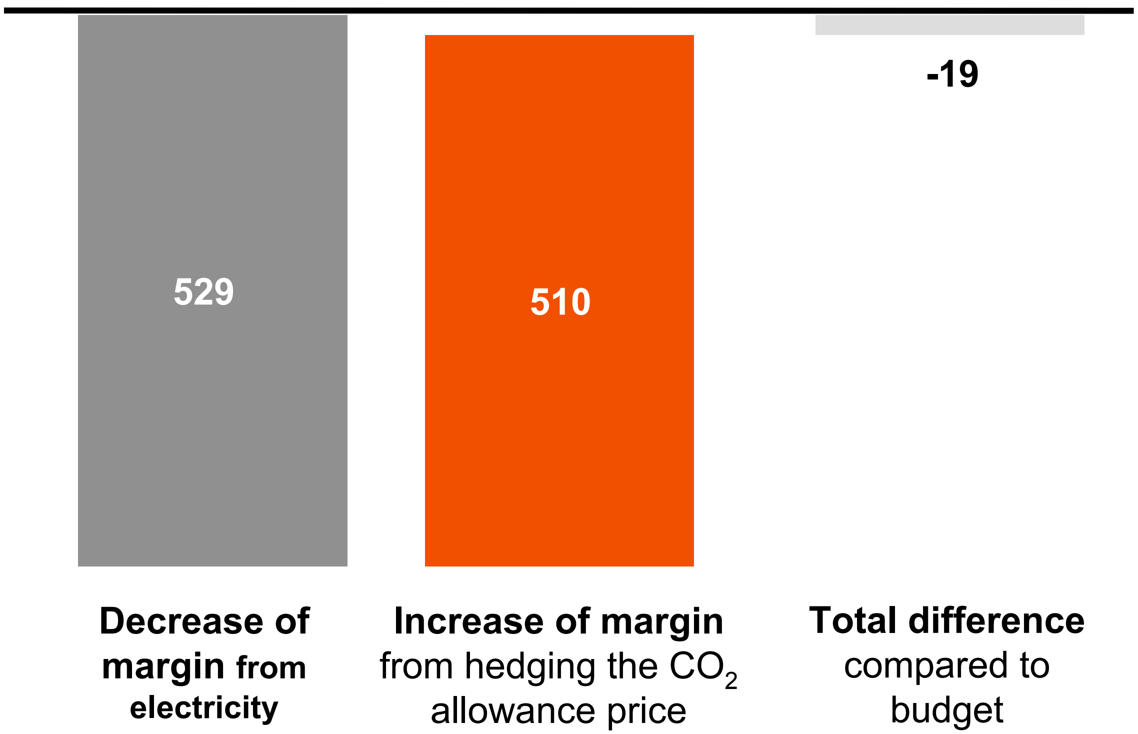
EUR/MWh



IN SPITE OF DROP IN SPOT ELECTRICITY PRICES, CEZ THANKS TO CO_2 HEDGING FULFILLS THE MARGIN PLAN

Influence of CO_2 and electricity margin on staying on the budget

CZK m



CEZ WILL CONFORM THE WAY OF WHOLESALE SALE OF OWN ELECTRICITY FOR YEAR 2008 TO ITS COMMITMENT TO TRADE THROUGH THE PRAGUE ENERGY EXCHANGE

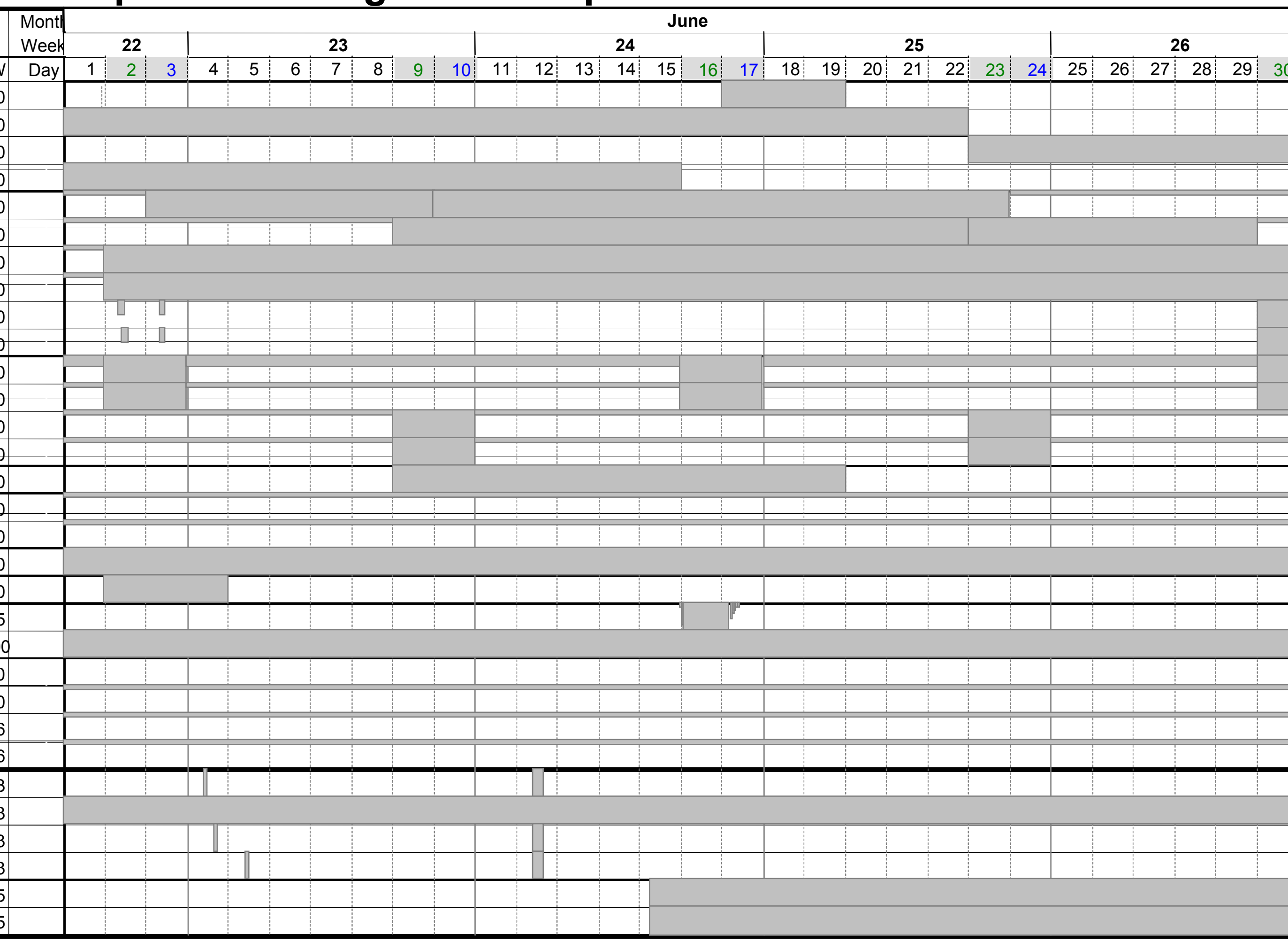
- **Campaign system of trading (wholesale auction) is in accordance with EU requirements changed to continuous trading, i.e. each trader can buy and sell anytime**
- **Main trading platform will be Prague Energy Exchange (PXE), its start is expected in July 2007.**
- **CEZ committed to become one of the market makers on PXE, i.e. in each moment balance the supply and demand in the market**
- **CEZ also committed to trade through the exchange all free volume of electricity from its own power plants (outside PXE- supply to end customers, system services and reserves for operation of own capacity)**
- **Higher trade standardization will be secured via replacement of former products of Duhova (rainbow) energy by standard products offered on PXE and traded within European markets**
- **Many established electricity traders have already showed interest in trading at PXE, fast start is expected. In case of delay CEZ is ready to overcome this period via auctions.**

source: ČEZ, a. s.

CEZ CONTINUES IN FULLFILING ITS COMMITMENT TO PUBLISH DISPONIBILITY OF ITS OWN GENERATION SOURCES

Detailed planned outages of CEZ production units in June 2007

Power plant	Unit	MW
Počerady	B 5	200
	B 6	200
Prunéřov 2	B 23	210
	B 25	210
Tušimice	B 21	200
	B 22	200
	B 23	200
	B 24	200
Chvaletice	B 3	200
	B 4	200
Dětmarovice	B 1	200
	B 2	200
	B 3	200
	B 4	200
Mělník 2	B 9	110
Ledvice 2	B 2	110
	B 3	110
Ledvice 3	B 4	110
Prunéřov 1	B 3	110
Temelín	B 1	975
	B 2	1000
Dukovany	B 1	440
	B 2	440
	B 3	456
	B 4	456
Dalešice	Tg 1	113
	Tg 2	113
	Tg 3	113
	Tg 4	113
Dlouhé stráně	Tg 1	325
	Tg 2	325



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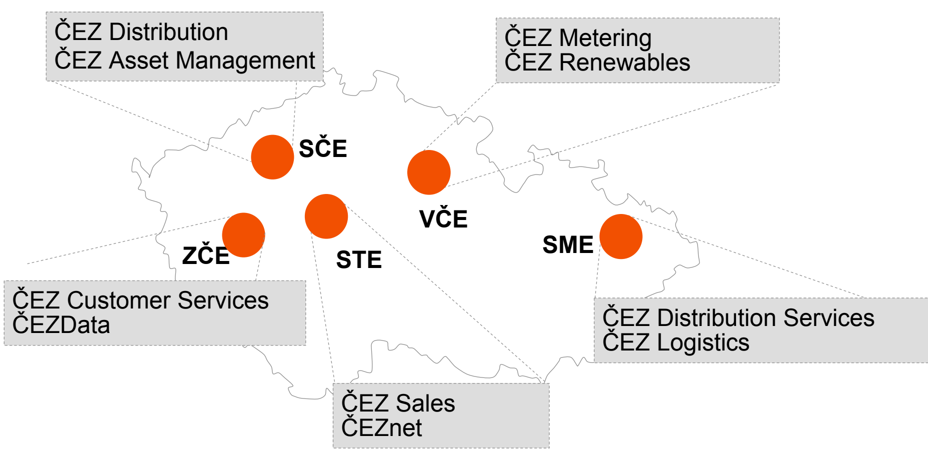
PROJECT VISION 2008: CEZ GROUP TRANSFORMATION INTO AN INTEGRATED, PROCESS ORIENTED AND HIGHLY EFFICIENT ORGANIZATION WITH SEPARATED DISTRIBUTION AND OTHER ACTIVITIES

- Whole group transformation and integration
- Unbundling
- Efficiency improvements
- Minimization of risks connected with transformation
- Definition and introduction of best practice



- Main executed transformation steps:
  - Set up of 10 new companies.
  - More than 60 big transactions (outsourcing, contributions, mergers).
  - Asset transfer in value of app. CZK 77 bn
  - Transfer of more than 6 500 employees.
  - Set up of necessary information systems.
  - Transfer of related customer data.

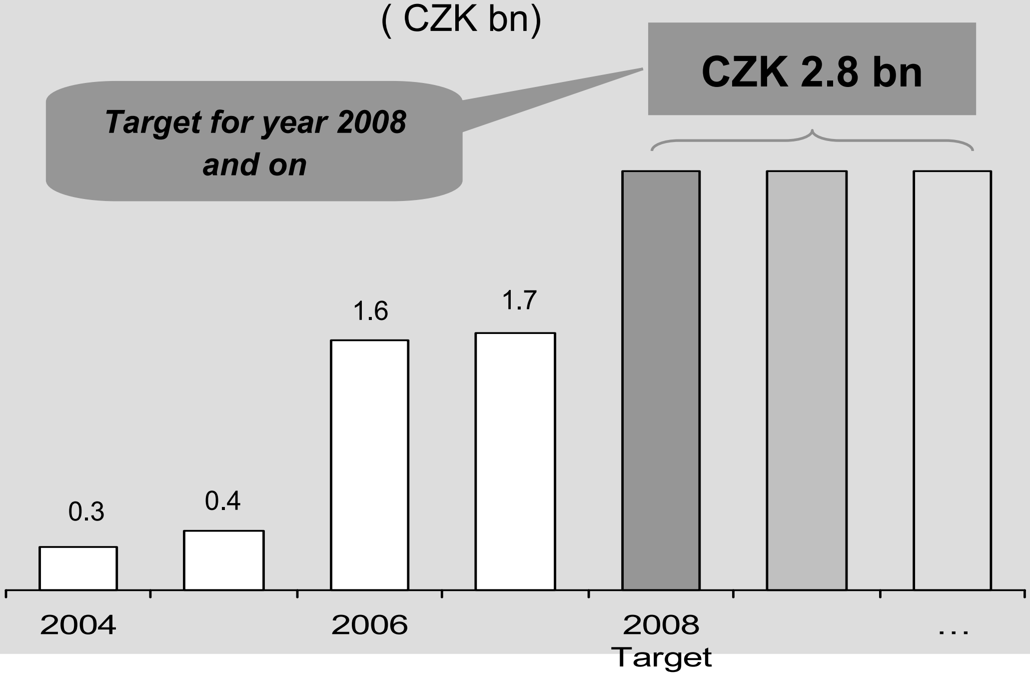
PROJECT VISION 2008 CREATED CONDITIONS FOR FURTHER CEZ GROUP EFFICIENCY IMPROVEMENTS, INCLUDING REACHING ANNUAL COST SAVING OF CZK 2.8 BN

- Establishment of new transparent structure of processes and companies in the Group.
- Unbundling requirements fulfilled one year ahead of requirement.
- Initiated new improvements in customer services.

Continuous service quality improvements

+

Net cost savings reached by project VISION 2008
(CZK bn)



MAIN ACHIEVEMENTS OF PROJECT VISION 2008 – MISSION COMPLETED
IMPROVEMENTS WILL CONTINUE

- ✓ CEZ Group transformed into fully integrated, process oriented organization.
- ✓ Unbundling implemented.
- ✓ Main improvements and synergies reached.
- ✓ Calm transformation without significant external or internal schisms
- ✓ Definition and introduction of best practice, which could be also applied to our foreign acquisitions.

HOWEVER VISION 2008 IS NOT THE END TO FURTHER COST SAVINGS

After successful finalization of Integration (Vision 2008) arrives a new pillar of operational excellence

Vision: "To be the leader in power markets in Central and Southeastern Europe"

Operational excellence

International expansion

Plant portfolio development

Corporate culture – 7 principles